

Message Text

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E.O. 11652: GDS

TAGS: ETRD KS

SUBJECT: US/KOREAN BILATERAL TEXTILE AGREEMENT AND
COTTON CONTRACT PROBLEM

REF: STATE 067264

1. DURING CALL APRIL 2 BY ANTHONY GEBER AND EMBOFF ON KIM DONG HWIE OF FOREIGN MINISTRY, BOTH SIDES AGREED THAT US-KOREAN ECONOMIC RELATIONS GOOD AND THERE ARE FEW BILATERAL PROBLEMS. AT KIM'S INVITATION GEBER COMMENTED ON COTTON CONTRACTS PROBLEM AND DESIRABILITY OF RESOLVING IT SOONEST. KIM AGREED AND THEN TURNED TO PROBLEM OF TEXTILE AGREEMENT, STATING THAT JURICH HAD MADE "UNSATISFACTORY PROPOSAL" LAST WEEKEND IN TOKYO TO PRK PIL SOO (ROKG ASSISTANT MINISTER FOR COMMERCE) FOR SETTLEMENT OF TEXTILE AGREEMENT DISPUTE. KIM DESCRIBED US PROPOSAL AS FALLING SHORT OF VARIOUS SOLUTIONS PROPOSED BY ROKG, MOST OF WHICH PREVIOUSLY DISCUSSED WITH JURICH. WE HAVE NOT YET RECEIVED ANY REPORT OF JURICH-PARK DISCUSSIONS. WE DID NOT MENTION INSTRUCTIONS IN REFTEL.

2. IN NEW DEVELOPMENT, KIM CHARGED THAT US "RENEGING" ON INITIALED AGREEMENT WAS EQUIVALENT TO DEFAULT ON SIGNED CONTRACT AND IF WE INSISTED ON COTTON CONTRACTS BEING OBSERVED, WE WOULD HAVE TO HONOR INITIALED AGREE-
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MENT OR MUTUALLY AGREED COMPROMISE. HE STRESSED VERY

DIFFICULT POSITIN IN WHICH KOREAN TEXTILE INDUSTRY HAD BEEN PLACED BY HARD LINE US POSITION, WHICH WAS NOW REPORTEDLY RESULTING IN US CUSTOMS EMBARGOING OVER-SHIPMENTS UNDER OLD (EXISTING) TEXTILE AGREEMENT. KIM SAID COTTON TEXTILE INDUSTRY COULD NOT BE EXPECTED TO COOPERATE WITH COTTON CONTRACT SOLUTION IF US REFUSED TO CHANGE TEXTILE QUOTAS SOLELY ON BASIS OF FLIMSY "TECHNICAL ERRORS" ARGUMENT. HE MENTIONED THREAT REPORTEDLY CONVEYED TO JURICH TO EFFECT THAT ROKG WILL WITHDRAW ALL COMPROMISE OFFERS UNLESS SETTLEMENT REACHED SOON, BUT DID NOT MENTION POSSIBLE APPEAL TO GENEVA TEXTILE COMMITTEE. KIM AGAIN EMPHASIZED THE TERRIBLE PERSONAL SITUATION HE WAS IN AS THE CHIEF NEGOTIATOR WHO HAD TOLD THE COMMERCE MINISTRY LAST NOVEMBER TO AUTHORIZE NEW QUOTAS ON THE BASIS OF THE INITIALED AGREEMENT. HE ASKED FOR GEBER'S ASSISTANCE IN REACHING A RAPID SOLUTION TO VERY SERIOUS PROBLEM.

3. GEBER SAID HE WAS UNFAMILIAR WITH DETAILS OF TEXTILE NEGOTIATIONS AND COULD ONLY REPORT VIEWS EXPRESSED BY KIM UPON RETURN. MEANWHILE EMBASSY WOULD REPORT CONVERSATION. EMBOFF NOTED THAT PROBLEMS OF OUR OWN TEXTILE INDUSTRY MAKE CONCESSIONS DIFFICULT.

4. COMMENT: LINKAGE TO COTTON CONTRACT PROBLEM (WHICH BEING NEGOTIATED SEPARATELY WITH ECONOMIC PLANNING BUREAU) IS NEW MANEUVER WHICH MAY BE SERIOUS OR ONLY VERBIAGE BY KIM. KIM IS OBVIOUSLY IN MOST DIFFICULT SITUATION LARGELY OF HIS OWN MAKING, AND DESPERATE TACTICS ARE POSSIBLE. WOULD APPRECIATE REPORT ON JURICH DISCUSSIONS AND CONFIRMATION OF ALLEGATION OF EMBARGOING OF KOREAN SHIPMENTS, WHICH IS FIRST MENTION HERE. WE EXPECT RECEIVE EPB POSITION ON COTTON CONTRACT PROPOSAL SHORTLY AND WILL MAKE STRONG REPRESENTATION TO DEPUTY PRIME MINISTER NAM RE ANY LINKAGE TO TEXTILE AGREEMENT.
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